



U.S. Department of Justice

*United States Attorney
Eastern District of California*

*501 I Street, Suite 10-100
Sacramento, California 95814*

*916/554-2700
Fax 916/554-2900*

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CPA PLEADS GUILTY TO SUBMITTING FALSE DOCUMENTS TO IRS

SACRAMENTO—United States Attorney John K. Vincent announced today that BYRON McBROOM, 45, of Manteca, California, pleaded guilty in U.S. District Court in Sacramento to one count of submitting a false document to the Internal Revenue Service. The offense occurred during negotiations between McBROOM, a Certified Public Accountant, and the IRS over an offer to compromise tax liability on behalf of a client of McBROOM's. The client, EDWARD ROE, 46, of Granite Bay, California, previously pleaded guilty to the same offense.

As a result of their guilty pleas, McBROOM and ROE each faces a maximum possible sentence of up to a year in prison and a \$100,000 fine. In his plea agreement, McBROOM agreed to stipulate with the California Board of Accountancy that his license to practice as a Certified Public Accountant be revoked. Under the contemplated terms of the revocation, McBROOM would be suspended from practicing as a CPA for three years, and would be on probation with the Board of Accountancy for a period of up to five years.

According to Assistant United States Attorney Benjamin B. Wagner, who is prosecuting the case, the defendants in their guilty pleas admitted that McBROOM was a CPA who specialized in negotiating offers in compromise with the IRS. In early 1996, ROE consulted with him about an offer to compromise a substantial preexisting federal tax liability. McBROOM

assisted ROE in manipulating the nature and characterization of ROE's income, to create the false impression for purposes of ROE's negotiations with the IRS that ROE had less income and assets than in fact was the case. On about February 12, 2002, McBROOM assisted ROE in completing and submitting a financial statement to the IRS which materially understated ROE's actual income. In addition, after consulting with McBROOM, client ROE created a back dated prenuptial agreement. McBROOM submitted the false document to the IRS Revenue Officer assigned to the offer-in-compromise negotiations, knowing that the document had been back dated.

McBROOM is scheduled to be sentenced before U.S. Magistrate Judge Gregory G. Hollows on August 19, 2002, at 9:00 am. The sentencing date may be delayed pending proceedings by the California Board of Accountancy. ROE is currently scheduled to be sentenced before U.S. Magistrate Judge Peter A. Nowinski on July 2, 2002, at 9:00 am.

The case was the product of an investigation by the Criminal Investigation Division of the Internal Revenue Service.

A copy of the news release may be found on the United States Attorney Office's website at: http://www.usdoj.gov/usao/cae/text_version/text_pressindex.htm.

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